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## Summary of Legislation

### H B 233 Insurance Licensing Amendments Representative Jim Dunnigan

#### Background

- Requirement to report administrative actions and criminal prosecutions (31A-23a-105. General requirements for individual and agency license issuance and renewal; 31A-25-203. General requirements for license issuance; and 31A-26-203, Adjuster's license required). During the past several years, there has been confusion on the part of licensees (producers, third party administrators, and adjusters) as to when they are required to report administrative actions and criminal prosecutions to the Department.
- Revocation, suspension, surrender, lapse, limitation, probation and voluntary surrender of an individual or agency license (31A-23a-111. Revocation, suspension, surrender, lapsing, or limiting of license - - Rulemaking for renewal or reinstatement; 31A-23a-112. Probation - - Grounds for revocation; 31A-23a-113. License lapse and voluntary surrender; 31A-25-208. Revocation, suspension, surrender, lapsing, or limiting of license - - Rulemaking for renewal or reinstatement; 31A-25-209, Probation - Grounds for revocation; 31A-25-210. License lapse and voluntary surrender; 31A-26-213. Revocation, suspension, surrender, lapsing, or limiting of license - - Rulemaking for renewal or reinstatement; 31A-26-214. Probation - - Grounds for revocation; 31A-26-214.5. License lapse and voluntary surrender). Changes were made in the 2004 and 2005 legislatures regarding the revocation, suspension, surrender, lapse, limitation, probation, and voluntary surrender of a producer's license. The changes rearranged the existing requirements to provide clarity. These same changes applied to third party administrator licensees and adjuster licensees, however, changes to the third party administrator and adjuster chapters were overlooked.
- Experience requirement for title agency license (31A-23a-204. Special requirements for title insurance producers). A similar provision was removed from HB 200, Insurance Law Revisions, 2005 General Session, because of ambiguity in the proposed language. The Title and Escrow Commission drafted this language to resolve the ambiguity issue. The proposed language imposes an experience standard for new title agency management or ownership.
- Viatical settlement provider standards (31A-23a-117. Special requirements for providers and producers of viatical settlements). Viatical settlement providers are not licensed by

all states, therefore, the requirement for them to provide proof of licensure in their domestic state has proven impracticable.

### **Effects of Legislation**

- Clarifies when a licensee (producer, third party administrator, or adjuster) must report an administrative action and a criminal prosecution to the Department.
  - 31A-23a-105, lines 88-97
  - 31A-25-203, lines 487-493
  - 31A-26-203, lines 771-778
- Updates sections in Chapter 23a, Insurance Marketing – Licensing Producers, Consultants, and Reinsurance Intermediaries, Chapter 25, Third Party Administrators, and Chapter 26, Insurance Adjusters, so that the updated sections impose the same requirements on licensees (producers, third party administrators, and adjusters). Producers, third party administrators, and adjusters have always had the same requirements pertaining to revocation, suspension, surrender, lapse, limitation, probation, and voluntary surrender of a license, however, the third party administrators and adjusters chapters were not updated with the new language when the changes to the producer chapter took place.
  - 31A-23a-111, lines 203 and 288-289; 31A-25-208, lines 524-690; 31A-26-213, lines 814-986. Provides uniformity for individual and agency licensees as to revocation, suspension, surrender, lapsing or limiting of license and rulemaking for renewal or reinstatement. Moved existing rulemaking language to this section.
  - 31A-23a-112, formatting changes by Legislative Research; 31A-25-209, lines 693-722; 31A-26-214, lines 989-1016. Provides uniformity for individual and agency licensees as to probation and grounds for revocation.
  - 31A-23a-113, lines 347-348; 31A-25-210, lines 725-746; 31A-26-214.5, lines 1019-1044. Provides uniformity for individual and agency licensees as to license lapse and voluntary surrender. Moved rulemaking language to 31A-23a-111, 31A-25-208, and 31A-26-213.
- Adds an experience requirement for management or ownership of a new title agency.
  - 31A-23a-204, lines 378-392
- Replaces the licensing requirement for a viatical settlement provider to provide proof of licensure in its domestic state with a requirement to provide a copy of the viatical provider's most current audited financial statement.
  - 31A-23a-117, line 359

### **Benefits of Legislation**

- Provides clarification to licensees regarding reporting of administrative actions and criminal prosecutions.
- Provides updated language pertaining to revocation, suspension, surrender, lapse, limitation, probation, and voluntary surrender of a license so that the language for all individual and agency classes of licensure (producers, third party administrators, and adjusters) is the same. Puts existing rulemaking language in the most appropriate section.
- Adds an experience requirement for management or ownership of a new title agency.
- Provides viatical settlement providers with a licensing requirement that they can accomplish.

### **Support for Legislation**

- The Title and Escrow Commission supports the addition of an experience requirement for the management or ownership of a new title agency.
- The viatical settlement provider industry supports the change in licensing requirements.